

## Credibility and Efficiency of Acquisition and Logistics Process

**Objective: Reduce Cycle Time** - Develop changes in all processes to support implementation of the new DoD 5000.2R evolutionary acquisition and reduce cycle time.

### Program Stability

#### **1. Re-establish Technical Risk Reserves (ARA):** Recommend Delete

Maximize program stability and reduce funding risk through the re-establishment and protection of technical risk reserves, into budget execution. The reserve would cover the difference between the Service Estimate and the Cost Analysis Improvement Group estimate. Guidance being drafted for service implementation.

**There has been so much churn in the last two budgets in the big programs pushing full funding, that risk reserve would be noise level and disregarded by the Services in the face of all the competing budget pressures.**

#### **2. Establish Milestone -to-Milestone Budgeting/Milestone Authorization (DPAP/ARA):**

Multi-year contracts provide stability and achieve cost savings for production programs. Establish a milestone to milestone program to provide stability for programs earlier in the acquisition cycle. Program and budget for high priority systems at the cost level determined at the DAB for selected ACAT 1D systems and protect those budgets from internal perturbations, provided the program is meeting cost, schedule and performance objectives during the system development and demonstration phase. Seek Congressional approval for milestone-to-milestone budgets.

**Proposal did not make it through FY03 Omnibus legislative proposal process due to OGC concerns. Will work changes with OGC and resubmit for FY04. Projected completion date to establish budget targets is September 2003.**

### Financial Reform

#### ✓ **3. Realistic Pricing of Programs (AI):**

Fund programs realistically. To remove cost pressures that result in under-funding of programs, the CAIG estimate will be used for ACAT 1D programs.

#### ✓ **4. Raise Reprogramming Thresholds (ARA/DPAP):**

Improve management flexibility and decrease the time it takes to get money into accounts where it can be used quickly by doubling current reprogramming thresholds (to keep up with inflation) from the current statutory limit of less than \$4M RDT&E and less than \$10M procurement and O&M. Will be worked with Congressional staffs (same thresholds since 1982) – not a legislative issue.

**Transitioned to BIC management.**

#### ✓ **5. Initiate inter-Appropriation Transfers (ARA/DPAP):**

Increase management flexibility and improve stability by seeking statutory relief that will permit transfer of procurement funds to RDT&E within the same acquisition program to assist in the development to production transition. This Business Initiative Council initiative is being worked through a Legislative Proposal. The FY03 House language section 1006 allowed transfers from O&M to R&D.

**Waiting to see if this survives in the final FY03 NDAA.**



# Goal 1

## ✓ **6. Achieve MDAP/PPBS Decision Integration (ARA):**

Use the IPT process, with AT&L and Comptroller lead, to propose ways to make the acquisition management and PPBS work together better.

**Transferred to DPG #20 study.**

## **E-Business**

## ✓ **7. Form AT&L Electronic Business Rapid Improvement Team (DPAP/CMC & all other AT&L offices):**

Rapid and effective integration of EB will enable efficiency and mission effectiveness, exploit revolutions in military and business affairs, and provide information for decision superiority required to ensure success in conflict. The EB Steering Group will develop a unifying AT&L EB vision and roadmap for implementation. A list of barriers, recommendations and on-going initiatives will be compiled as a foundation for the visioning process. High payoff EB opportunities with a special emphasis on customer needs will be identified. In conjunction with the action plan and roadmap, the campaign will recommend and AT&L governance process and develop a communication and marketing plan.

**External and Internal E Business Offices established in AT&L.**

## **8. Implement the DoD Cross-Functional Procurement Process Model (DPAP/DCMA):**

Consistent with Departmental goals to reduce Unmatched Disbursements, overpayments, and interest payments, the End-to-End Finance and Procurement Model presents an opportunity to streamline and standardize the DoD acquisition process through the adoption of electronic commerce initiatives promoting the use of shared data, standard transaction sets, and elimination of errors caused by multiple points of data entry. Full implementation of the model supports financial management initiatives leading to auditable financial statements for the Department and CFO Act compliance for critical business systems as well as reductions in acquisition cycle times beneficial to the warfighter.

**Continuous implementation through FY 05**

## ✓ **9. Develop Past Performance Automated Information System (PPAIS) (ARA/DPAP):**

Collection and use of past performance data was mandated in 1993 statute requiring the collection and use of past performance information in competitive source selections. PPAIS, a central retrieval capability for DOD, was developed at the direction of USD (AT&L) in 1996 and established as an operational capability in July 2000. It serves as the center of DOD's paperless report card system for large dollar contracts.

**The report card system was expanded to include other Federal report cards on 1 July 2002. In addition, development of a passive system, to support small dollar acquisitions is complete.**

## **10. Review Government-wide acquisition contracts (GWACs) and multiple agency contracts (MACs) (DPAP):**

Develop and maintain the first comprehensive, electronically available list of GWACs and MACs. Analyze these contracts to identify best examples and develop lessons learned.

**Projected completion date for an operational site is June 2003.**

## ✓ **11. Initiate DLA's Business Systems Modernization (L&MR):**

The Business Systems Modernization (BSM) Program is the Defense Logistics Agency (DLA) initiative for replacing its mission critical legacy systems with Commercial-Off-The-Shelf (COTS) systems. Expected results include improved logistics responsiveness through collaborating with customers and suppliers to fully integrate information. The BSM goal is to focus on DLA's core business, supply chain management, by integrating robust COTS packages, such as Enterprise Resource Planning (ERP) and Advanced Planning and

✓ Complete

Green – Implementing Phase

Blue - Defining Phase

2/25/2003

Page 2

## Goal 1

Scheduling (APS) software. Integration will reduce operating costs, and will embrace both continuous process and technology advancements through COTS software upgrades. BSM's operational objectives are key enablers for achieving the goals of the DLA Strategic Plan, The DoD Logistics Strategic Plan, as well as the Joint Vision 2020.

**Complete roll out of replacement for SAMMS/DISMS projected for FY05.**

### ✓ **12. Accelerating Payments Using E-Commerce (DP):**

DFAS and the military departments, led by USD Comptroller and USD (AT&L), will develop integrated business rules for payment and contract management to support accelerated payments. Common business rules were published May 29, 2002.

### **13. Restructure Standard Procurement System (DPAP):**

The SPS Program Manager is currently developing acquisition documentation that reflects ongoing changes to the program baseline. A revised ADM was issued by ASD(C3I) on January 15, 2002. An OIPT was held in April, 2002 addressing the plan to focus on version 4.2. DP is in process of developing plan for requirements beyond version 4.2.

### **14. Establish Integrated Digital Environment (ARA/DPAP):**

On July 2, 1997 the Deputy Secretary of Defense has established goals for transitioning to digital operations in all acquisition program and support offices. The focus these goals is to achieve an acquisition process that would coincide with the Department's goal of digital operations for acquisition management and life-cycle integrated information, that is, an integrated digital environment (IDE). The OSD approach to the IDE Program is primarily centered around three thrusts: - Leveraging ongoing projects within the DoD acquisition community that are taking advantage of new and existing technologies to create environment that allows programs to create, store, access, process and exchange data digitally and cost effectively. - Engage with top level DoD leadership and defense industry leaders to gain corporate support for IDE while expanding our engagement with mid level management both within the defense industry and the Department of Defense. - Creating model contract language and trading agreements for integrated digital environment for use by the Department and private industry.

**Projected 25% reduction of government/contractor data management systems by December 2003.**

### **15. Create a Knowledge Management (KM) System (DPAP):**

Provide acquisition professionals with knowledge sharing opportunities, problem solving capabilities, and a source for continuous learning so that they are better able to create, access, and apply acquisition knowledge to attain higher performance, lower costs, and more rapid deployment of our weapon and support systems. There are four key elements – Promoting KM in Communities of Practice (CoPs), developing common tools for CoPs through a KM Center of Excellence, improving the DoD Acquisition Deskbook, and building a DoD AT&L portal to link all resources together.

**Projected date to integrate elements into a KM system July 2003.**

## Integration of Logistics and Acquisition Policies

### ✓ **16. Give PM Life Cycle Responsibility (Performance Based Logistics) (L&MR/DPAP/IO):**

Give the Program Manager (PM) life cycle responsibility, including (1) responsibility for life cycle cost and control of portions of O&M; (2) performance agreements between combatant commands and the PM; and (3) integrated logistics to meet mission availability via government/industry partnerships. Weapon system



Complete

Green – Implementing Phase

Blue - Defining Phase

2/25/2003

Page 3

## Goal 1

sustainment should be managed by the PM across the life cycle to meet warfighter performance requirements. This strategy features performance agreements with warfighters, contracts with organic providers, partnering to meet mission availability, and financial enablers to link PM responsibility and accountability.

**Service Performance Based Logistics transition/implementation plans submitted, regulations updated and PM's Guide to Buying Performance completed.**

### ✓ **17. Continue Reduction of Total Ownership Cost (RTOC) (S&TS):**

Invest in total ownership cost reduction initiatives to reduce weapon system acquisition and operation and support costs, while improving performance. This initiative includes technology refreshment, contracting for total system support, outsourcing, streamlining of logistic processes, and doing research in cost savings technologies.

**Best practices guide was published September 2002.**

## Test and Evaluation

### ✓ **18. Ensure Evolutionary T&E (DPAP/OT&E):**

Align T&E policy with evolutionary acquisition to ensure testing is consistent with the chosen acquisition approach.

**Included in streamlined DoD 5000 interim guidance published Sep 2002.**

### ✓ **19. Review Encroachment Issues (I&E):**

Encroachment issues are increasingly affecting the Department's training and test mission. Establish a Range Management Activity to enable DoD to more comprehensively manage, support, and sustain range programs.

**Needed decisions were secured from Senior Readiness Oversight Council (SROC) in March 2002.**

## Program Management

### ✓ **20. Streamline non-essential oversight/documentation for Weapons Systems (DPAP/ARA):**

Continue our review of the acquisition process and supporting information requirements to ensure non-essential activity and documentation is eliminated.

**Streamlined DoD 5000 interim guidance published October 2002.**

### ✓ **21. Streamline CCA Implementation (DPAP/ARA/DoD CIO):**

The Service Acquisition Executives streamline Clinger-Cohen Act implementation in the 5000 series regulation in November 2002.

**Included in streamlined DoD 5000 interim guidance published October 2002.**

### ✓ **22. Streamline the Acquisition Process for IT Systems (ARA/ DPAP/DoD CIO):**

Two RITs, the Global Information Grid (GIG) and Information Technology (IT), have examined ways to adjust the acquisition process to align it better with the technology life-cycle of less than 18 months and to identify interoperability requirements.

**Included in streamlined DoD 5000 interim guidance published October 2002.**



Complete

Green – Implementing Phase

Blue - Defining Phase

2/25/2003

Page 4

## Systems Engineering

### 23. Revise NATO Allied Quality Assurance Publications (AQAPs) and Allied Reliability and Maintainability Publications (ARMPs) to ensure migration toward the use of best commercial practices and standards (IO/SE):

Assist NATO's efforts to adopt best commercial process, practices, standards etc. by migrating NATO unique quality assurance (QA) and reliability & maintainability (R&M) from publications based on US military standards to publications based on international, commercial standards. Review NATO QA and R&M policy with same objective.

**Projected completion date of guidance is October 2003.**

### 24. Assist International Standards Organization (ISO) in developing 15288 an international systems engineering standard (IO):

Participate in US and international meetings to develop an international, commercial standard and guide on systems engineering that will allow DoD program managers and our Defense contractors to further adopt best commercial practices.

**Projected publication date is March 2003.**



### 25. Develop the Capability Maturity Model Integration (CMMI) (IO/DPAP/ARA):

The CMMI effort is working towards integrating Systems Engineering, Software, and Integrated Product and Process Development (IPPD) Capability Maturity Models (CMMs). Many of these processes are similar and individual application model would result in many redundancies. Government and Industry can use CMMI for self-assessments to assist in improving their systems and software engineering and IPPD processes. The DoD needs to conduct a comprehensive review of its acquisition policy to review it as it relates to CMMI. Guidance to the Acquisition workforce will be provided at a later date.

**Policy has been established.**

### 26. Transition from Military Configuration and Data Management Standards and Directives to Industry Standards (IO/SE):

Continue to work with industry on migrating military unique CM/DM processes, practices and standards towards the use of commercial ones. Effort entails revising several existing standards and developing new ones as required.

**Projected completion date for system engineering registry for information exchange is August 2003.**

## Interoperability



### 27. Transform the Joint Technical Architecture (JTA) through Pilot Activity by Joint Aeronautical Commander's Group (JACG) (IO/DPAP/DoDCIO):

**JTA version 4.0 published September 12, 2002**

**Objective: Improve logistics responsiveness and supply chain integration -** Develop new processes and guidance to make DoD's logistics system more effective and efficient.



# Goal 1

## Logistics Responsiveness

### 28. Establish Enterprise Integration (EI) (L&MR):

Current Component Enterprise Integration (EI) efforts have excessively long implementation cycles; are not architecturally based; and are limited in capitalized EI technologies and commercial business practices. Establish an EI consortium made up of the logistics modernization stakeholders from the Department. The consortium shall focus on producing successes and common community wide solutions that support the logistics enterprise.

**Implementation of policy compliance is on-going.**



### 29. Develop Customer Wait Time (CWT) Performance Measure (L&MR):

Established a no comprehensive measure of how long a customer has to wait from the time he/she orders a part until it is delivered to him/her. Without measures the Warfighter “feels” that items frequently take too long to arrive. Thus the Warfighter has limited confidence in the logistics system. Forwarded to PA&E for inclusion in SECDEF report. Initiated planning for CWT reporting for items other than spare and repair parts August 2002.

**Metric established.**

## Supply Chain Integration

### 30. DoD Materiel Management Regulation (L&MR/AI):

The DoD Materiel Management Regulation has not kept pace with recent updates/c changes to the DoD 5000 series that align Defense practices with commercial practices. Write comprehensive replacement for the current regulation that looks at the whole logistics system—linking materiel management policies, with acquisition strategies at the front end of the supply chain, through distribution and transportation, to disposal and reutilization policies at the back end.

**Projected completion date of regulation is Jun 2003.**

**Objective: Reform Acquisition of Services and Support of Services-Economic Programs -** To increase efficiency and effectiveness in the acquisition of services; provide proper OSD oversight to critical services acquisitions; and properly execute and evaluate DoDs support of services – economic programs.

## Acquisition of Services



### 31. Promote use of Performance-Based Services Acquisition Pilot Authority (DPAP):

Section 821 of the National Defense Authorization Act for FY 2001 includes provisions to accelerate the use of performance-based contracts for the acquisition of services. Promoting the use of this pilot authority, which expires 30 October 2003, will assist the Department in meeting its goals to have 50% of all acquisitions for services, measured in both dollars and actions, be performance based by 2005.

**Implementation strategy assessment is complete.**

### 32. Institutionalize performance-based services acquisition (DP/AI/ARA):

The Department has established long term goals to acquire 50% of its services, in terms of dollars and actions, on a performance based basis by 2005.

**Projected completion date of final report to OMB is January 2006.**





## Goal 1

### ✓ **33. Establish new Acquisition of Services oversight policy (AI/CIO/ARA):**

DoD is increasingly using services to meet its needs. However, management of the acquisition of services has generally been left to the lowest departmental levels.

**A new Acquisition of Services oversight policy was established in May 2002.**

### **Support of Services – Economic Programs**

### ✓ **34. Develop “Bundling” Policy and Benefit Analysis Guidebook (SADBU):**

A DoD contract consolidations show a lack of consistent application of the regulatory requirement for a benefit analysis to be conducted prior to proceeding with a "bundled" contract.

**USD(AT&L) guidance has been developed on the decision-making process in January 2002.**

### **35. Initiate Comprehensive Subcontracting Plan Test Program Revision (SADBU/DCMA):**

The Comprehensive Test Program permits large prime contractors to submit one annual subcontracting plan on a company or division-wide basis that covers all DoD subcontracting plan requirements for the fiscal year. This test program began 1 October 1990 and extends until September 30, 2005. Approximately, 37% of DoD total subcontracting dollars are covered under this program. DoD to assess the program's effectiveness.

**Projected completion date of program revision is June 2002.**

### **36. Develop Small Business Subcontracting Program IPT (SADBU/DCMA):**

The Small Business Subcontracting Program is increasingly an important focus for small business firms interested in DoD procurement opportunities. There is little or no oversight or monitoring of subcontracting plan performance (with the exception of subcontracting plans administered by DCMA.) Analysis of performance (from pre-award through post-award) to improve accountability and enhance DoD subcontracting opportunities for small business firms should commence.

**(TBD by resource levels)**

### **New Initiatives**

### **37. Requirements & Acquisition Process (DPAP/ARA/J8):**

There needs to be emphasis on greater alignment of requirements generation and acquisition processes in the joint environment so that requirements, acquisition and resources decision-makers can work collaboratively and have continuous interaction in the overall context of providing warfighters with mission area capabilities. The Department must increasingly review programs on a family-of-systems and systems-of-systems basis, as well as conduct mission area reviews to better reconcile requirements, resources and programs. This need is further underscored by the Defense Planning Guidance task to streamline the decision process.

### **38. Evolutionary Acquisition & Spiral Development (DPAP/ARA/J8):**

Evolutionary Acquisition is DoD's preferred strategy for rapid acquisition of mature technology for the warfighter. It is substantially dependent on the consistent and continuous spiral definition of requirements and maturation of technologies that lead to disciplined development and production of systems that provide increasing capability towards a materiel concept. Recent discussions within acquisition community and DRAFT legislation reflect confusion in the use of the terms evolutionary acquisition and spiral development. Consequently, the terms and their relationship require clarification, proposed legislation must be appealed and policy needs to be crafted and institutionalized in the final revised acquisition regulations reflecting the new formulation.

**Projected completion date for DoD 5000 changes February 2003.**



Complete

Green – Implementing Phase

Blue - Defining Phase

2/25/2003

Page 7

### Quality & Morale of the Workforce

**Objective: Improving Training and Education (including Continuous Learning)** - As a part of the transition to performance-learning methods, the department is building a new learning environment that will empower each DoD AT&L workforce member with more control over learning needs. It is one that will take full advantage of new opportunities created by information technology.

#### Certification Training

✓ **1. Modernize Certification Training Courses (DPAP):**

DAU is modernizing all career field Level I – III training tracks to reshape content and expand capacity, working with each functional community to establish the right balance between resident and on-line training. **Modernization of the Program Management discipline was completed with conclusion of PMT- 401 pilot. This will be the template for the remaining career fields.**

✓ **2. Develop Case-Based Training (DPAP):**

DAU is developing proven case-based methods to provide a learning environment rich in opportunities for critical thinking and analysis for students to further develop high-order thinking skills.

**Case based training pilot completed with conclusion of PMT – 401.**

#### Continuous Learning

✓ **3. Establish Continuous Learning (CL) Policy and CL Modules Development Process (DPAP):**

DPAP is establishing a disciplined, systemic process to identify, prioritize and develop continuous learning modules (CLM) needed by all career fields within the DoD AT&L workforce. DPAP and DAU are developing the modules using web-based technologies designed to assist the workforce members with job performance, to learn about and implement Acquisition Technology & Logistics initiatives, and adapt to their rapidly evolving functional environment, while furthering their long-term professional development. The process will also include coordination with the services to eliminate duplication.

**Continuous learning policy completed. FY03 continuous learning modules reviewed through requirements process.**

✓ **4. Establish Strategic Partnerships with Private Sector/Academic Institutions (DPAP):**

DAU is creating strategic partnerships with the private sector/academic institutions to create charters under which DAU students and graduates can apply DAU courses and DAWIA certifications as credits toward college and university certificate and degree programs. These programs expand the inventory of continuous learning opportunities for DAU students, motivate them toward attainment of professional certifications, and increase the return on previous DoD investments for training the AT&L workforce.

**DAU has signed 37 strategic partnerships in FY02.**





**Objective: Establishing a Life-Cycle Workforce Management approach to the DoD Civilian Workforce** - DoD is in the midst of a workforce challenge. The acquisition, technology, and logistics workforce is aging and with 50% being eligible to retire by 2005. Hiring has been limited over the years due to downsizing. The less senior workforce has increased mobility under FERS. The appraisal system does not tie pay to contribution. A new workforce management approach is needed.

✓ **5. Develop Recruiting and Hiring Programs for the DoD Acquisition, Technology, and Logistics Workforce (DPAP/S&T/P&R (CPP):**

At the OSD level in calibration with the services, market DoD and its challenging work opportunities to make DoD the employer of first choice for new hires, and provide policy guidance for recruiting efforts. At the component level, maximize use of existing authorities and implement local and regional focused recruiting programs. Implement alternative DAWIA certification process for personnel hired from the private sector at the mid and upper levels.

**Pilot begun Dec '02 and will end Jul '03. Alternate Certification pilot begun and will end Feb '03.**

✓ **6. Develop Human Capital Strategic Plans for the DoD Acquisition, Technology, and Logistics Workforce (DPAP):**

At the Component level, develop human capital strategic plans for their AT&L workforce linked to defense guidance, POM/BES, and annual performance planning established by GPRA. Institutionalize this planning process by requiring plans to be updated annually.

**HCSP was piloted in 2001 and fully implemented in 2002.**

✓ **7. Increase Participation in Acquisition Personnel Demo and Provide Authorities for Flexible Compensation/ Recognition/Benefits (DPAP):**

Seek authority to promote pay for performance, pay banding, flexible bonus and benefits programs, and similar initiatives to directly link employee compensation to mission contribution. Initially expand the Acquisition Personnel Demonstration Project then seek to apply similar authorities to the entire DoD AT&L workforce. Acquisition Demo changes complete.

**USD (P&R) and USD (AT&L) have agreed on the relationship the Acquisition Demo and the Alternative Personnel System.**

**Objective: Use Outreach and Communication strategies to speed effective implementation of AT&L Initiatives** - Outreach and communication strategies will create faster and better awareness and knowledge of acquisition initiatives using all appropriate media with emphasis upon knowledge management. It will also include deployment of a "full service" presence to the field.

✓ **8. Develop an Outreach & Communication Strategic Approach (DPAP):**

Develop an integrated outreach and communication strategic approach that shaves the cycle time from policy to training and speeds effectiveness of acquisition initiatives.

**DPAP Outreach and Communication strategic plan completed January 2002.**

✓ **9. Promote Performance Support (AI):**

Performance support includes all "Just in Time" services to the DoD AT&L Workforce enabling more productive results. DAU's reorganization will provide a full service presence to fully implement the learning model – enterprise concept. Full Service Capability includes more Targeted Training, Face-to-Face consulting and On-Site offerings of certification training within each regional location.

**All five DAU campuses will be stood up.**



## Health of Defense Industrial Base

**Objective: Adopting Commercial Practices** - Establish a strategic approach to the adoption of commercially friendly acquisition practices in all functional disciplines.

### Pricing/Payment

#### ✓ **1. Use of performance-based payments (AI/DP):**

USD (AT&L) policy of November 2000 encouraged the use of Performance-Based Payments (PBP) for fixed price contracts, linking contractor financing to actual performance. AI produced a User's Guide to Performance-Based Payments in Feb 2001. AI led a multi-service/agency IPT developing PBP continuous learning distance training module, monitored a DFAS cycle time pilot and developed C-17 lessons learned module in a partnership with Boeing.

#### **2. Reform Cost Accounting Standards & Cost Principles (DPAP):**

Currently revising the FAR to clarify that cost principle rules do not apply to firm-fixed price or fixed-price with economic price adjustment contracts awarded without the submission of certified cost or pricing data. Encourage the Cost Accounting Standards (CAS) Board to pursue proposed streamlining revisions to the CAS provided to the CAS Board in September 2000. Continue to streamline cost principles.

**Proposal to Federal Acquisition Regulation to address the cost principles is scheduled to be published in April, 2003. The projected completion date to publish a final Federal Acquisition Regulation is September, 2003. The CAS portion of this initiative is complete (a letter was sent to the CAS Board in August 2002 encouraging pursuit of DoD proposed streamlining revisions to the CAS).**

#### **3. Shared Saving for Contractor Cost Efficiencies (DPAP/IP):**

Develop incentive approaches to motivate contractors to eliminate excess and underutilized facilities and achieve other cost efficiencies.

**A proposed Defense Federal Acquisition Regulation Supplement was provided to OFPP in early December, 2002. OFPP has expressed significant concerns with the proposed rules, and we are addressing those concerns, but it is unclear when a proposed rule will be published.**

#### ✓ **4. Profit Policy (DP):**

Revised the cost based incentives policy ("Profit Policy") to provide more commercial-style incentives for innovation, cost efficiencies, and contractor investment in independent research and development and less for capital investments.

**The final Defense Federal Acquisition Regulation Supplement rule was published on April 26, 2002.**  
**Acquisition Strategy & Oversight**

#### **5. Change Cultural Mindset Regarding Intellectual Property to Foster Better Business Relations (DPAP):**

Many potential non-traditional commercial companies are reluctant to do business with DoD. Government treatment of their intellectual property (IP) rights is the most often-cited rationale for that reluctance. The challenge is then to develop and provide practical guidance and educate the acquisition workforce in both government and industry as to the inherent flexibility of existing regulatory guidance regarding IP and thus bring about a paradigm shift in the treatment of IP.

**Projected completion date to develop initial training modules is June 2003.**





## **Revised 6. Total Asset Management and Adoption of Universal Identifiers:**

Lead a team to ensure the Federal Acquisition Regulation regarding Government Property in the Hands of Contractors adopts commercial practices to the maximum extent.

## **7. Expand FAR coverage on commercial contract types & incentives (DPAP):**

A policy encouraging use of long-term contracts, non-cost based incentives and recognition for consistent excellent performance using commercial style incentives was signed by USD AT&L on 4 Jan 2001 focused on enabling DoD to access non-traditional suppliers and expand the Defense industrial base. Established commercial contracting goals in a USD (AT&L) memorandum on Feb 5, 2001. Published a guidebook titled "Incentive Strategies for Defense Acquisitions." The next step is to expand Federal Acquisition Regulation coverage on commercial contract types and incentives. Also, refining commercial policies (Part 12) by providing a guidebook on clarifying use of commercial item determinations.

**This schedule is being revised to be integrated with DARs re -engineering.**

## **Performance-Based Requirements including Logistics**

### **✓ 8. Expand industry-packaging pilots (DPAP/Log):**

Packaging reform initiative seeks to move DoD packaging practices to more commercial like packaging practices. Pilots were established two years ago with General Electric (GE) and Honeywell. This pilot effort is expanding to bring in Raytheon and other interested participants.

**Changes to the DFARS, MIL-STD-2073, Logistics Material Management Regulation (DoD-4140) and the DoD 5000 series are in process to institutionalize the pilot results.**

### **✓ 9. Expand Strategic Supplier Alliances (SSA) (DLA/DPAP):**

SSA is a buyer/seller agreement that transcends purchasing transactions resulting in reduced costs and delivery times. It focuses on improving and expanding SSAs by standardizing the process and preparing a lesson learned guidebook. The senior level-working group is developing alternatives for component acquisition executive participation and to streamline the process to establish additional SSAs with our major suppliers.

**SSA responsibility transitioned to DLA and the services for execution.**

## **10. Adopt Public-Private Partnering for Depot-Level Maintenance (L&MR):**

DoD is not free to choose the most cost effective depot—when choosing between public and private sector resulting in increased cost to DoD. Use public-private partnering arrangements where it makes good business sense to maximize use of capacity, reduce ownership costs of infrastructure, reduce costs of products and services, and leverage recapitalization of plant and equipment.

## **Export Control Process**

### **11. Improve Export Control Management (OUSDP/IC/ITS):**

Current export licensing policies and procedures were developed for the Cold War era and are ill suited for the interconnected global economy of the 21<sup>st</sup> century. These policies and procedures are outdated and adversely affect the competitiveness of the U.S. defense industrial base. Our export control system requires improvement to ensure that, U.S. national security interests are advanced, critical technologies protected, and the realities of today's marketplace for defense industry are taken fully into account. Improve the transparency of the license request review process by establishing electronic connectivity between industry, State, Commerce & DoD to electronically process export license requests and associated technical data.

**Projected completion date to demonstrated interoperability to be accomplished by late spring--if Dept of State supplies requisite data.**



Complete

Green – Implementing Phase

Blue - Defining Phase

2/25/2003

Page 11

### 12. Update of US Munitions List (OUSDP/IC/ ITS/IP):

Review US ML for appropriate additions, deletions, transfers to CCL and clarifications.

**Projected completion date for all Tranches is February 2004.**

### 13. Conclude binding agreements on ITAR Country Exemptions with UK and Australia (OUSDP/ITS):

Negotiate agreements with the U.K. and Australia for ITAR exemptions in order to speed export license requests.

**Promulgate exemptions by January 2004.**

### 14. Issue Implementing Guidelines for DoD Component Use of Existing ITAR Exemptions (OUSDP/IC/ITS):

Issue guidance to the DoD components to enhance the use of existing ITAR exemptions.

**Projected completion date for issuance of DoD Guidance on use of existing ITAR exemptions is dependent on USDP action and cannot occur before April-May 2003.**

## International Acquisition, Technology and Logistics Cooperation

### 15. Declaration of Principles (DoP) Activities (IC):

The SecDef and his U.K. counterpart signed the U.S.-U.K. Declaration of Principles for Defense Equipment and Industrial Cooperation on February 5, 2001. A "Statement of Principles" of a similar nature was signed by the SecDef and his Australian counterpart on July 17, 2001. Both of these documents set forth a mutually agreed vision of closer government and industry defense cooperation through harmonization of relevant laws, regulations, and policies wherever possible. Additional DoPs are being negotiated with The Netherlands, Norway, and Sweden. The net effect of DoD's DoP-related activities, once successfully implemented, will promote healthy allied defense industrial base as well as substantially benefit the U.S. defense industry by increasing their ability to team with foreign industry and facilitate defense exports to key allied and friendly nations.

**Projected completion of legislative and policy changes, and corresponding legally binding agreements with foreign nations, is mid-calendar Year 2003.**

### 16. Major Cooperative Program Activities (IC):

AT&L has supported several 'flagship' government-to-government cooperative programs -- such as Joint Strike Fighter (JSF), Medium Extended Air Defense System (MEADS), and Multifunction Information Distribution System (MIDS) -- that meet common defense requirements and promote defense industry-to-industry cooperation. MEADS and MIDS Memorandum of Understanding (MOU) documents were signed in mid-2000. U.S.-U.K JSF MOU documents were signed in January 2001. The collective value of the current international agreements for these three cooperative programs alone exceeds \$30B. Cooperation in transatlantic programs of this magnitude will serve as a key stabilizing factor in U.S. and European defense acquisition relationships that will help counteract 'Fortress America vs. Fortress Europe' defense export tendencies on both sides of the ocean.

**MOU document signatures with additional prospective JSF partners are projected for February-June 2003. Next phase MEADS MOU negotiations begin in mid-2003.**

## Domestic and International Industrial Base

### 17. Shipyard Productivity Assessment (IP):

IP completed a study evaluating productivity differences between U.S. and foreign shipbuilding companies in June 2002. Results will be used to assist U.S. shipyards in their ability to successfully compete in world shipbuilding markets.



Complete

Green – Implementing Phase

Blue - Defining Phase

2/25/2003

Page 12

### 18. Transformation of the Industrial Base (IP):

Phase I completed June 2002 under the title *Less Traditional Suppliers Study*. Identified a portion of the defense and commercial markets relevant to transformational warfare/netcentric warfare and an initial list of relevant less traditional suppliers; and identified some of the cultural differences that might create barriers to productive relationships with the firms. In Phase II, we are expanding the study to summarize transformational warfighting capabilities identified in documents such as Joint Vision 2020, identify additional industry sectors that could contribute to such capabilities; and highlighting and evaluating key representative technologies/products and firms within those sectors. The study will examine technology enablers, financial structures, and business relationships associated with representative companies of promise within those sectors; and recommend DoD actions and policy changes to leverage less traditional supplier capabilities and access less traditional suppliers that can support current and future defense needs.

**Projected completion date for Phase II is February 2003.**



### 19. Public Interest Exception to the Buy American Act (BAA) (DPAP)

USD(AT&L) authorized the issuance of a Federal Register notice announcing DoD's intent to waive the BAA for commercial item procurements subject to the Trade Agreements Act (TAA) and seeking public comments. The TAA permits firms from foreign countries that are signatories to the World Trade Organization Agreement on Government Procurement (AGP) to sell products to the U.S. Government that they "substantially transform" without the application of the BAA. However, if a U.S. firm "substantially transforms" a product, but it is comprised of less than 50% U.S. content, the BAA is applied to that item. The public interest exception will eliminate the disadvantage that U.S.-made end products, manufactured or substantially transformed in the U.S., experience in procurements subject to the TAA. It will also remove the incentive for U.S. manufacturers to manufacture in a designated foreign country to avoid the BAA price difference.

**Defense Federal Acquisition Regulation Supplement published January 2003.**



### 20. Revise Foreign Military Sales (FMS) Negotiation Practices (DPAP):

Issued a policy memo to the SAEs to reiterate the FMS policy to eliminate "double" negotiations on September 27, 2000.

## New Initiatives



### 21. Hold Harmless Policy (DPAP/OGC/L&MR/USD (C)/USD (IP):

Section 343 of the National Defense Authorization Act for 2002 allows claims against the government from working capital funded activities in cases of the Government's failure to comply with quality, schedule or cost performance requirements. An IPT with membership from AT&L organizations, General Counsel, the Services and the Comptroller was organized to determine what guidance is necessary for the AT&L Workforce.

**Hold harmless policy memo signed by AT&L in Dec 2002.**



## Installations and Environmental

**Objective: Efficient Infrastructure** – To modernize DoD management of infrastructure and provide increased benefits to DoD at reduced cost.

### 1. Utilities Privatization (I&E):

Services have historically undercapitalized their utility systems—many are in poor condition and are unreliable and unsafe. Privatizing utility systems will leverage private-sector financing, expertise and innovation to better support war fighting missions and QOL.

*Completion date for all utility systems to be privatized is addressed in revised guidance, 4Q05.*

### 2. Base Information System (I&E):

The Department maintains numerous real property reporting systems, which are largely incompatible with one another making it difficult to provide leadership with accurate and timely data to make critical installation management resourcing and stationing decisions. The USD(AT&L) issued direction to establish a Base Information System (BIS) to consolidate numerous existing DoD real property systems and improve the reliability of real property management and associated financial information. The BIS development effort includes the Real Property Enterprise System (RPES) and Installation Visualization Tool (IVT). The RPES effort focuses primarily on streamlining and standardizing real property management processes so that DoD can develop and deploy an enterprise-wide real property information system. The IVT is being designed as a DoD-wide management tool that will integrate data from existing real property sources with selected geographical imagery and operational capacity information, allowing analysts to view relevant characteristics and constraints related to facilities and installations in a graphical environment. The Department's Financial Management Modernization Program and the Financial Management Enterprise Architecture effort have included the RPES initiative within its overall program objective. Therefore, the IVT effort will be independently monitored as an AT&L goal. The IVT will be an important tool for assessing installation stationing options within the BRAC 2005 process. As such, its development will be accelerated, where possible, for use in BRAC 2005.

### 3. Allow Installation Commanders to Retain Proceeds from Reduced Workman's Compensation Costs (I&E):

DoD paid Department of Labor (DoL) over \$600M per year for the past several years for civilian worker compensation. Since FY94, the total cost was over \$6 billion. The bills are usually paid at the higher headquarters level of the Services, so there is no incentive for the installation commanders to invest to reduce these costs. Costs are too high.

POC: Craig Schilder (I&E)

**Projected completion date to begin the program is 2Q04.**



### 4. Establishing DoD Housing Requirements (I&E):

The Department lacks a single process for determining how much private sector housing is available to our members. This determines the amount of on-base housing we need to operate and maintain for military families. The disparate Service systems have been criticized by GAO, CBO, and Congress and they may not be taking maximum advantage of existing assets.

**Housing requirements policy signed by Dep Sec Def.**

### 5. Knowledge-Based Corporate Reporting System (I&E): **Recommended Deletion**

Overcome by events. USD(AT&L) transferred this program and all associated funding to Army. Recommend closure of this item.

### 6. Set Competitive Sourcing/A76 Goals (I&E – Identified as a BIC Action): **Recommended Deletion**

Overcome by events. This initiative was superseded by Secretary Aldridge's December 26, 2001, memo to OMB rejecting the OMB A-76 targets and proposing "Alternatives to A-76". The Alternatives to A-76 are now a BIC initiative and the subject of ongoing scorecard discussions with OMB, led by OUSD(P&R). Recommend closure of this item.

**(Schedule TBD)**





## New Technology Insertion

**Objective: Leverage Commercial Technology -** Refocus R&D acquisition to effectively refresh technology throughout the entire life cycle of systems.

### ✓ **1. Implement the New Cost Share Policy (ARA/AI):**

Recent USD (AT&L) policy requires that the government minimize the use of cost sharing and specifically directs suspension of the use of IR&D to supplement funding of defense programs unless there is a reasonable probability of a commercial application related to the research and development effort. **Changes were made to the DoD 5000 to reinforce this requirement. Tracking profits/fees awarded on cost type contracts will monitor outcome of this policy.**

### ✓ **2. Address Innovative Ideas to Leverage Commercial R&D (DPAP/DDR&E):**

Develop a strategic plan to greatly expand DoD's access to commercial developers and their technology. Investigate a wide range of areas such as incentives, contracting means, and treatment of intellectual property rights. This plan will include conducting a workshop with industry to solicit ideas on pre-solicitation information exchange process, such as, sharing technology roadmaps for critical DoD requirements, solicitation methods and structure, and pilot programs to facilitate wider access to commercial R&D. Solutions requiring statutory or regulatory changes would be developed for consideration by PDUSD (AT&L). Develop a desktop guide for acquisition workforce personnel.

**Published guide January 2003**

### ✓ **3. Establish Technology Transition Initiative (DDR&E/DPAP/ARA):**

In particular the initiative provides for a level of uncommitted funding that can be applied to promising technologies during the year of execution to speed that transition. Additional funds for Quick Reaction Projects within OSD (\$25M for FY 02) and Warfighter Rapid Application Program (WRAP) (approximately \$50M in Service S&T and \$50M in Service System Development budget request) identified in the FY 02 Amended President's Budget Request.

### **4. Promote Future Use of COSSI (DDR&E/DPAP):**

Create a new strategic plan for COSSI to transition to the services. **(Schedule TBD)**

### **5. Eliminate Redundancies from DoD's own Science and Technology Infrastructure (DDR&E):**

Complete a review of the efficiency of DoD's Defense Laboratories with a goal to eliminate duplication, ensure cost visibility and compatibility and ensure technical excellence in the future. **(Schedule TBD)**

### ✓ **6. Provide Strong DoD Science and Technology Budgets (DDR&E):**

Develop strong language in the Defense Planning Guidance and educate the OSD staff about the importance of strong S&T budgets. DDR&E developed three categories of actions: hard problems, revolutionary warfighting concepts, and military significant research areas.

**The latest FY02 budget increased the S&T investment to 2.6% of DoD TOA.**

### ✓ **7. Promote Other Transactions (DP/AI):**

Other Transaction Authority (OTA) is a means to acquire prototype projects directly relevant to weapons or weapon systems, outside the regulatory environment of the Federal Acquisition Regulation (FAR).

**An on-line training course on use of prototype OTAs was developed on January 17, 2002.**



Complete

Green – Implementing Phase

Blue - Defining Phase

2/25/2003

Page 15